



Things You Should Know About...

Advance Fee Loans

Although most lenders are owned and managed by legitimate professionals, a number of fraudulent lenders misrepresent credit terms. One of their favorite strategies is the “advance fee” loan. A common advertisement for advance fee loans guarantees that you will obtain a loan or some other type of credit, but you must pay before you apply.

Charging advance fees for a loan is illegal: companies cannot ask you to pay for a loan before the loan is made. Consumers should be wary of and ignore offers that guarantee a loan for a fee that must be paid in advance. Legitimate lenders never “guarantee” or promise a loan before you apply, especially if you have a poor credit history or no credit record at all.

Recognizing an Advance Fee Loan Scam

Nearly all of these “businesses” operate out of a P.O. box in the United States, but in actuality they are located in Canada. The vast majority of consumers who contact the Illinois Attorney General’s office regarding these loans say that they responded to an advertisement in a local classified ad. The advertisement promised a guarantee of a loan, even to consumers who have bad credit or no credit. The companies request up-front fees in amounts ranging from \$500 to \$1000 to cover what the scam artists describe as “insurance fees.” Most consumers report receiving very official looking documents and application forms from the company, but after the “up-front fee” is sent to the company by wire transfer, the consumers receive nothing. When the consumers attempt to contact the company, they find that the phone has been disconnected.

Protecting Yourself

Unless you are familiar with the company and know why the information is necessary, never give your credit card, bank account numbers or social security number over the telephone, via e-mail or by any other means.

If you do not have the offer confirmed in writing, do not pay any money. Keep in mind that these scams differ from legitimate credit offers in that they require payments in advance of the application process. Advance fee loan scams are usually advertised in common media outlets such as the local newspaper, radio station or cable TV.

If you have credit problems or concerns about your personal finances, consider contacting your local nonprofit credit counseling agency. Contact the National Foundation for Consumer Credit at (800) 388-2227 or www.nfcc.org. You can also contact the Association of Independent Consumer Credit Counseling Agencies at www.aiccca.org.

For consumers seeking assistance with debts, be sure to confirm that your nonprofit credit counselor is licensed to provide budget planning services in Illinois by contacting the Illinois Office of Banks and Real Estate at (217) 782-3000 or www.obre.state.il.us.

If you have been defrauded by a company that is located in Canada, you can report the incident to the authorities in Canada by contacting **Project PhoneBusters** at 1-888-495-8501 or online at www.phonebusters.com, or by contacting the Canadian Competition Bureau at 1-800-348-5358 or online at www.cb-bc.gc.ca.

If you believe you have been a victim of an advance fee loan scam, contact the Illinois Attorney General's office to file a consumer complaint. For further information, please visit the Web site of Illinois Attorney General Lisa Madigan at www.ag.state.il.us.

Chicago
1-800-386-5438
TTY: 1-800-964-3013

Springfield
1-800-243-0618
TTY: 877-844-5461

Carbondale
1-800-243-0607
TTY: 877-675-9339